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REPORT  
LEGISLATIVE FISCAL OFFICE  
STATE OF LOUISIANA

JUNE 30, 2006

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the entity and other appropriate public officials. The report is available for public inspection at the Baton Rouge office of the Legislative Auditor and, where appropriate, at the office of the parish clerk of court.

Release Date 2/7/07

LEGISLATIVE FISCAL OFFICE  
STATE OF LOUISIANA

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DUPLANTIER, HRAPMANN,  
HOGAN & MAHER, L.L.P.

CERTIFIED PUBLIC ACCOUNTANTS

1340 Poydras St., Suite 2000 - New Orleans, LA 70112

(504) 586-8866

FAX (504) 525-5888

cpa@dhmcpa.com

MICHAEL J. O'ROURKE, C.P.A.  
WILLIAM G. STAMM, C.P.A.  
CLIFFORD J. GIFFIN, JR., C.P.A.  
DAVID A. BURGARD, C.P.A.  
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### INDEPENDENT AUDITOR'S REPORT

November 2, 2006

Honorable Donald E. Hines, Co-Chair  
Honorable Joe R. Salter, Co-Chair  
Legislative Budget Control Council  
State of Louisiana  
Baton Rouge, Louisiana

We have audited the accompanying financial statements of the Legislative Fiscal Office, State of Louisiana, as of and for the year ended June 30, 2006, as listed in the index. These financial statements are the responsibility of the Legislative Fiscal Office's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As discussed in Note 1, the financial statements of the Legislative Fiscal Office, State of Louisiana, are intended to present the financial position and results of operations of only that portion of the reporting entity of the State of Louisiana.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Legislative Fiscal Office, State of Louisiana, as of June 30, 2006 and the results of its operations for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated November 2, 2006, on our consideration of the Legislative Fiscal Office's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

The Management's Discussion and Analysis and the other required supplementary information on pages 3-4 and 12 is not a required part of the basic financial statements but is supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. However, we did not audit the information and express no opinion on it.

*Duplantier, Hrapmann, Hogan & Maher, LLP*

LEGISLATIVE FISCAL OFFICE  
STATE OF LOUISIANA  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED JUNE 30, 2006

This section of the Legislative Fiscal Office, State of Louisiana annual financial report presents Management's analysis of the Legislative Fiscal Office's financial performance for the year ended June 30, 2006. This analysis should be read in conjunction with the audited financial statements, which follow this section.

**FINANCIAL HIGHLIGHTS**

The Legislative Fiscal Office's net assets increased by \$156,247.

The general revenues of the Legislative Fiscal Office were \$2,063,534.

The total expenditures/expenses of the Legislative Fiscal Office were \$1,907,287.

**OVERVIEW OF THE FINANCIAL STATEMENTS:**

This report consists of three sections: Management's Discussion and Analysis, audited financial statements and supplementary information. The financial statements also include notes that provide additional detail of the information included in the financial statements.

**BASIC FINANCIAL STATEMENTS:**

The financial statements of the Legislative Fiscal Office report information about the Legislative Fiscal Office using accounting methods similar to those used by private companies. These financial statements provide financial information about the activities of the Legislative Fiscal Office.

The Statement of Net Assets (p. 5) presents the current and long-term portions of assets and liabilities separately.

The Statement of Governmental Fund Revenues, Expenditures and Changes in the Fund Balance/Statement of Activities (p. 6) presents information on how the Legislative Fiscal Office's net assets changed as a result of current period operations.

The following presents condensed financial information of the Legislative Fiscal Office:

**SUMMARY OF NET ASSETS:**

**ASSETS:**

	As of and for the Year Ended <u>June 30, 2006</u>	As of and for the Year Ended <u>June 30, 2005</u>
Current assets	\$ 389,790	\$ 327,393
Capital assets	<u>38,137</u>	<u>65,307</u>
Total assets	<u>427,927</u>	<u>392,700</u>

LEGISLATIVE FISCAL OFFICE  
STATE OF LOUISIANA  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED JUNE 30, 2006

LIABILITIES:

	As of and for the Year Ended <u>June 30, 2006</u>	As of and for the Year Ended <u>June 30, 2005</u>
Current liabilities	\$ 64,550	\$ 170,521
Long-term liabilities	<u>153,277</u>	<u>168,326</u>
Total liabilities	<u>217,827</u>	<u>338,847</u>
Invested in capital assets	38,137	65,307
Unrestricted	<u>171,963</u>	<u>(11,454)</u>
Total net assets (deficit)	<u>\$ 210,100</u>	<u>\$ 53,853</u>

SUMMARY OF REVENUES, EXPENDITURES/EXPENSES  
AND CHANGES IN NET ASSETS:

	As of and for the Year Ended <u>June 30, 2006</u>	As of and for the Year Ended <u>June 30, 2005</u>
General revenues	\$ 2,063,534	\$ 2,022,526
Expenditures/expenses	<u>1,907,287</u>	<u>1,926,008</u>
Change in net assets	<u>\$ 156,247</u>	<u>\$ 96,518</u>

BUDGET ANALYSIS:

A comparison of budget to actual operations is a required supplementary statement and is presented in the accompanying supplementary information. Total expenditures were \$155,807 below budgeted amounts. This resulted from an effort to decrease overall spending.

CONTACTING THE LEGISLATIVE FISCAL OFFICE'S MANAGEMENT:

This audit report is designed to provide a general overview of the Legislative Fiscal Office and to demonstrate the Legislative Fiscal Office's accountability for its finances. If you have any questions about this report or need additional information, please contact the Legislative Fiscal Office, State of Louisiana, P.O. Box 44097, Capitol Station, Baton Rouge, Louisiana 70804.

LEGISLATIVE FISCAL OFFICE  
STATE OF LOUISIANA  
STATEMENT OF NET ASSETS  
JUNE 30, 2006

	<u>General Fund</u>	<u>Adjustments*</u>	<u>Statement of Net Assets</u>
<b>ASSETS:</b>			
Cash in bank	\$ 389,790	\$ -	\$ 389,790
Capital assets (net of allowance for depreciation)	<u>-</u>	<u>38,137</u> (1)	<u>38,137</u>
<b>TOTAL ASSETS</b>	<b>\$ <u>389,790</u></b>	<b><u>38,137</u></b>	<b><u>427,927</u></b>
<b>LIABILITIES:</b>			
Accounts payable and other accrued expenses	\$ 64,550	-	64,550
Compensated absences	<u>-</u>	<u>153,277</u> (2)	<u>153,277</u>
Total liabilities	<u>64,550</u>	<u>153,277</u>	<u>217,827</u>
<b>FUND BALANCE/NET ASSETS:</b>			
Unreserved (deficit)	<u>325,240</u>	(325,240)	-
<b>TOTAL LIABILITIES AND FUND BALANCE</b>	<b>\$ <u>389,790</u></b>		
<b>NET ASSETS (DEFICIT):</b>			
Invested in capital assets		38,137	38,137
Unrestricted (deficit)		<u>171,963</u>	<u>171,963</u>
<b>TOTAL NET ASSETS (DEFICIT)</b>		<b>\$ <u>210,100</u></b>	<b>\$ <u>210,100</u></b>

**\*Explanation**

- (1) Capital assets, net of the depreciation allowance, are recorded on the statement of net assets, but not within the fund statements of the General Fund.
- (2) Long-term liabilities, such as compensated absences, are recorded on the statement of net assets, but not within the fund statements of the General Fund.

See accompanying notes.

LEGISLATIVE FISCAL OFFICE  
STATE OF LOUISIANA  
STATEMENT OF GOVERNMENTAL FUND REVENUES, EXPENDITURES  
AND CHANGES IN THE FUND BALANCE/STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED JUNE 30, 2006

	General <u>Fund</u>	<u>Adjustments*</u>	Statement of <u>Activities</u>
<b>EXPENDITURES/EXPENSES:</b>			
Personal services	\$ 1,850,572	\$ (15,049) (1)	\$ 1,835,523
Professional services	339	-	339
Travel	9,642	-	9,642
Operating services	15,611	-	15,611
Supplies	17,589	-	17,589
Capital outlay	1,413	(1,379) (2)	34
Loss on disposal of assets	-	2,238 (3)	2,238
Depreciation	-	26,311 (2)	26,311
Total expenditures/expenses	<u>1,895,166</u>	<u>12,121</u>	<u>1,907,287</u>
<b>GENERAL REVENUES:</b>			
State appropriations	2,063,094	-	2,063,094
Other income	440	-	440
Total general revenues	<u>2,063,534</u>	<u>-</u>	<u>2,063,534</u>
Excess (deficiency) of general revenues over expenditures/expenses	<u>168,368</u>	<u>(168,368)</u>	<u>-</u>
Change in net assets	-	(156,247)	156,247
<b>Fund Balance/Net Assets (Deficit):</b>			
Beginning of Year	156,872	(103,019)	53,853
End of Year	<u>\$ 325,240</u>	<u>\$ (115,140)</u>	<u>\$ 210,100</u>

**\*Explanation**

- (1) Decrease in long term obligation for compensated absences
- (2) Reclassify capital asset purchases and record depreciation
- (3) Record loss on disposal of assets

See accompanying notes.



LEGISLATIVE FISCAL OFFICE  
STATE OF LOUISIANA  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2006

NATURE OF OPERATIONS

The Legislative Fiscal Office, created by Title 24, Chapters 601 through 605 of the Louisiana Revised Statutes provides research and technical assistance concerning fiscal matters for the Legislative branch of government.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

Government accounting principles and practices are promulgated and established by the Governmental Accounting Standards Board (GASB). The GASB has issued a *Codification of Government Accounting and Financial Reporting Standards*. This codification and subsequent GASB pronouncements are recognized as accounting principles generally accepted in the United States of America for state and local governments. The accompanying financial statements have been prepared in accordance with such pronouncements.

The following is a summary of the more significant accounting policies.

Financial Reporting Entity:

Application of Section 2100 of the GASB Codification defines the governmental reporting entity (in relation to the Legislative Fiscal Office, State of Louisiana) to be the State of Louisiana. The accompanying financial statements of the Legislative Fiscal Office contain sub-account information of the General Fund and account groups of the State of Louisiana. Annually, the State of Louisiana issues financial statements, which include the activity contained in the accompanying financial statements.

Fund Accounting:

The Legislative Fiscal Office, State of Louisiana, uses fund accounting (separate set of self-balancing accounts) to reflect the sources and uses of available resources and the budgetary restrictions placed on those funds by the Louisiana Legislature. The General Fund is used to account for all of the Legislative Fiscal Office's general activities, including the acquisition of general fixed assets and the servicing of general long-term debt. It is used to account for all activities of the Legislative Fiscal Office.

Basis of Accounting:

Basis of accounting refers to when revenues and expenditures are recognized and reported in the financial statements. Basis of accounting relates to the timing of the measurements made, regardless of the measurement focus applied.

LEGISLATIVE FISCAL OFFICE  
STATE OF LOUISIANA  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2006

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (Continued)

Basis of Accounting: (Continued)

In accordance with *Statement of Governmental Accounting Standard #34*, the Legislative Fiscal Office presents a Statement of Net Assets and Statement of Activities. These statements reflect entity-wide operations of the Legislative Fiscal Office. The Legislative Fiscal Office has no fiduciary funds or component units. The Legislative Fiscal Office has only a General Fund, supported by an appropriation from the State of Louisiana and self-generated funds.

Within the accompanying statements, the General Fund column of the Statement of Net Assets and the Statement of Activities reports all activities of the Legislative Fiscal Office using the current financial resource measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered available when they are collected within the current period or soon enough thereafter to pay liabilities of the current period. Management considers revenues to be available if they are collected within 45 days of the end of the current fiscal period. Using this methodology, the legislative appropriation is recorded during the year, and for the year, the appropriation is made, and interest and other revenues are recorded when earned. Expenditures are recorded when a liability is incurred, as in accrual accounting. However, compensated absences are recorded when paid.

The General Fund column is adjusted to create a Statement of Net Assets and Statement of Activities. Within this column, amounts are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows.

Budgetary Practices:

The Legislative Fiscal Office is required to submit to the Legislative Budgetary Control Council an estimate of the financial requirements for the ensuing fiscal year. The General Fund appropriation is enacted into law by the Legislature and sent to the Governor for his signature. The Legislative Fiscal Office is authorized to transfer budget amounts between accounts in the General Fund. Revisions that alter total appropriations must be approved by the Legislature. The level of budgetary responsibility is by total appropriation. All annual appropriations lapse at fiscal year end and require that any amount not expended or encumbered at the close of the fiscal year be returned to the State General Fund unless otherwise reappropriated by subsequent legislative action. Current appropriation legislation authorizes such reappropriation of prior year funds.

LEGISLATIVE FISCAL OFFICE  
STATE OF LOUISIANA  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2006

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (Continued)

Leave Benefits:

Accumulated unpaid annual, sick and compensatory leave is reported in the Statement of Net Assets and Statement of Activities within the accompanying financial statements. The Legislative Fiscal Office's employees accrue unlimited amounts of annual and sick leave at varying rates as established by the Legislative Fiscal Office's personnel manual. Upon resignation or retirement, unused annual leave of up to 300 hours is paid to employees at the employee's current rate of pay. Upon retirement, annual leave in excess of 300 hours and unused sick leave are credited as earned service in computing retirement benefits.

Furthermore, employees earn compensatory leave for hours worked in excess of 40 hours per work week. The compensatory leave may be used similarly to annual or sick leave. At June 30, 2006, annual leave of up to 300 hours, for which employees could be paid upon resignation or retirement, and compensatory leave, computed in accordance with the *Codification of Governmental Accounting and Financial Reporting Standards* Section C60.105, total \$153,277.

The following are the changes in general compensated absences (long-term obligations) during the year.

<u>Balance</u> <u>July 1, 2005</u>	<u>Net</u> <u>Change</u>	<u>Balance</u> <u>June 30, 2006</u>
\$ 168,326	\$ (15,049)	\$ 153,277

Estimates:

The preparation of financial statements in conformity with accounting principles generally accepted in the United States require management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures during the reporting period. Actual results could differ from those estimates.

2. RETIREMENT SYSTEM:

Plan Description:

Substantially, all employees and members of the Legislative Fiscal Office participate in the Louisiana State Employees' Retirement System (LASERS) a cost sharing, multiple-employer defined benefit pension plan administered by a separate Board of Trustees. LASERS provides retirement, disability and survivor benefits to participating, eligible employees. Benefits are guaranteed by the State of Louisiana under provisions of the Louisiana Constitution of 1974. LASERS issues a publicly available financial report that includes financial statements and required supplementary information. The report may be obtained by writing to Louisiana State Employees' Retirement System, P. O. Box 44213, Baton Rouge, Louisiana 70804-4213, or by calling (225) 922-0600.

LEGISLATIVE FISCAL OFFICE  
STATE OF LOUISIANA  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2006

2. RETIREMENT SYSTEM: (Continued)

Funding Policy:

Plan members of the Legislative Fiscal Office are required by state statute to contribute 7 ½% of their annual covered salary and the Fiscal Office (as their employer) is required to contribute at an actuarially determined rate. The current employer rate is 19.1% of annual covered payroll. The contribution requirements of plan members and the employer are established by, and amended by, state law. As required by state law, the employer contributions are determined by actuarial valuation and are subject to change each year based on the results of the valuation for the prior fiscal year. The employer contribution is funded by the State of Louisiana through the annual legislative appropriation. The Fiscal Office's employer contributions to LASERS for the years ended June 30, which were equal to the required contributions for each year, were as follows:

<u>June 30,</u>	<u>Total</u>
2006	\$ 281,232
2005	236,983
2004	216,016

3. CAPITAL ASSETS:

The accompanying statements reflect furniture and equipment used by the Legislative Fiscal Office, and funded by the legislative appropriation, in daily operations. Those assets are recorded at cost. Furniture and equipment with acquisition costs of \$1,000 or greater are capitalized and depreciated as follows:

	<u>Cost</u>	<u>Allowance for Depreciation</u>	<u>Net Value</u>
Balance, July 1, 2005	\$ 176,311	\$ (111,004)	\$ 65,307
Acquisitions	1,379	--	1,379
Deletions	(17,871)	15,633	(2,238)
Depreciation	--	(26,311)	(26,311)
Balance, June 30, 2006	<u>\$ 159,819</u>	<u>\$ (121,682)</u>	<u>\$ 38,137</u>

The depreciable assets are depreciated using the straight-line method of allocating costs over the following useful lives:

Computer equipment	5 years
Office machinery and equipment	7 years

The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized.

LEGISLATIVE FISCAL OFFICE  
STATE OF LOUISIANA  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2006

4. CASH IN BANK:

Under State law, the Legislative Fiscal Office may deposit funds in an approved bank located in the State. These public deposits must be secured by federal deposit insurance or the pledge of securities owned by the fiscal agent bank. The market value of the pledged securities plus the federal deposit insurance must at all times equal the amount on deposit with the fiscal agent bank. These pledged securities are held in the name of the pledging fiscal agent bank in a holding or custodial bank. The bank deposits at June 30, 2006, are secured as follows:

	<u>Carrying Balance</u>	<u>Bank Balance</u>	<u>FDIC Insurance</u>	<u>Pledged Collateral</u>
Cash in bank	\$ <u>389,790</u>	\$ <u>139,938</u>	\$ <u>100,000</u>	\$ <u>606,640</u>

5. LITIGATION, CLAIMS AND SIMILAR CONTINGENCIES:

Losses arising from litigation, claims and similar contingencies are considered State liabilities and are paid by special appropriations made by the Louisiana Legislature. Any applicable litigation, claims and similar contingencies are not recognized in the accompanying financial statements.

6. OTHER COSTS:

The State of Louisiana, through other appropriations, provides office space, utilities and janitorial services for the office facilities, all of which are not included in the accompanying financial statements.

7. RECONCILIATION:

The Statement of Net Assets and Statement of Activities present the Legislative Fiscal Office's fund balance/net assets from a fund perspective and an entity-wide perspective, using the current financial resources focus for the fund balance and the economic resources measurement focus for net assets. The amounts are reconciled as follows:

Fund Balance, June 30, 2006	\$ 325,240
Capital assets	38,137
Compensated absences	<u>(153,277)</u>
Net Assets, June 30, 2006	\$ <u>210,100</u>

## SUPPLEMENTARY INFORMATION

LEGISLATIVE FISCAL OFFICE  
STATE OF LOUISIANA  
SUPPLEMENTARY INFORMATION  
STATEMENT OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL - GENERAL FUND  
FOR THE YEAR ENDED JUNE 30, 2006

	Budgeted Amounts Original and <u>Final</u>	Actual Amounts Budgetary <u>Basis</u>	Budget to GAAP Differences Over <u>(Under)</u>	Actual Amounts GAAP <u>Basis</u>
<b>REVENUES:</b>				
State appropriations	\$ 2,063,094	\$ 2,063,094	\$ -	\$ 2,063,094
Other	-	440	-	440
Reappropriated fund balance (1)	<u>221,465</u>	<u>221,465</u>	<u>(221,465) (1)</u>	<u>-</u>
Total revenues	<u>2,284,559</u>	<u>2,284,999</u>	<u>(221,465)</u>	<u>2,063,534</u>
<b>EXPENDITURES:</b>				
Personal services	1,984,394	1,850,572	(15,049) (2)	1,835,523
Professional services	5,000	339	-	339
Travel	14,700	9,642	-	9,642
Operating services	54,000	15,611	-	15,611
Supplies	5,000	17,589	-	17,589
Capital outlay	-	1,413	(1,379) (3)	34
Loss on disposal of asset	-	-	2,238 (3)	2,238
Depreciation	-	-	26,311 (3)	26,311
Total expenditures	<u>2,063,094</u>	<u>1,895,166</u>	<u>12,121</u>	<u>1,907,287</u>
Excess (deficiency) of revenues over expenditures	<u>221,465</u>	<u>389,833</u>	<u>(233,586)</u>	<u>156,247</u>
Net change in fund balance	221,465	389,833	(233,586)	156,247
Fund balances - beginning	-	113,772	(59,919)	53,853
Less reappropriated fund balance	<u>(221,465)</u>	<u>(221,465)</u>	<u>221,465</u>	<u>-</u>
Fund balances - ending	\$ <u>-</u>	\$ <u>282,140</u>	\$ <u>(72,040)</u>	\$ <u>210,100</u>

**Explanation of differences:**

- (1) Budgets include reappropriated fund balances carried over from prior years to cover expenditures of the current year. The results of operations on a GAAP basis do not recognize these amounts as revenue since they represent prior period's excess of revenues over expenditures.
- (2) Compensated absences are budgeted on a modified accrual basis. Under generally accepted accounting principles these costs are recognized when the benefit is earned.
- (3) Capital assets are recognized for budget purposes when purchased. Under generally accepted accounting principles, such capital assets are recognized as long-lived assets and depreciation is recognized over the life of the assets, as well as any loss on disposal.



DUPLANTIER, HRAPMANN,  
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CERTIFIED PUBLIC ACCOUNTANTS

1340 Poydras St., Suite 2000 · New Orleans, LA 70112

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FAX (504) 525-5888

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REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING  
AND ON COMPLIANCE AND OTHER MATTERS BASED  
ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED  
IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

November 2, 2006

Honorable Donald E. Hines, Co-Chair  
Honorable Joe R. Salter, Co-Chair  
Legislative Budgetary Control Council  
State of Louisiana  
Baton Rouge, Louisiana

We have audited the accompanying financial statements of the Legislative Fiscal Office, State of Louisiana, as of and for the year ended June 30, 2006, and have issued our report thereon dated November 2, 2006. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Legislative Fiscal Office's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide an opinion on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a reportable condition in which the design or operation of one or more of the internal control structure components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.



Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Legislative Fiscal Office, State of Louisiana's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

This report is intended for the information of management, the Legislative Auditor and the Legislative Budgetary Control Council and is not intended to be and should not be used by anyone other than these specified parties. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

*Duplantier, Hrapmann, Hogan & Maher, LLP*

LEGISLATIVE FISCAL OFFICE  
STATE OF LOUISIANA  
SUMMARY SCHEDULE OF FINDINGS  
FOR THE YEAR ENDED JUNE 30, 2006

SUMMARY OF AUDITOR'S RESULTS:

1. The opinion issued on the financial statements of the Legislative Fiscal Office, State of Louisiana, for the year ended June 30, 2006 was unqualified.
2. Compliance and Other Matters  
Noncompliance material to financial statements: None noted.
3. Internal Control  
Material weaknesses: None noted.  
Reportable conditions: None noted.

FINDINGS REQUIRED TO BE REPORTED UNDER GOVERNMENTAL AUDITING  
STANDARDS GENERALLY ACCEPTED IN THE UNITED STATES OF AMERICA:

NONE

SUMMARY OF PRIOR YEAR FINDINGS:

05-01 Supporting Documentation for Cash Disbursements

We noted that there were a number of instances where there was no approval on the invoice/supporting documentation for checks paid. The approval process is necessary to ensure that checks are only issued for valid disbursements. In addition, we noted one instance where there was no invoice or supporting documentation for a check paid. However, the check did appear to be for a valid operating expense. We recommended that the Legislative Fiscal Office ensure that original invoices or other supporting documents accompany check requests, and that checks be signed only after the signers have reviewed the appropriate supporting documentation. This finding has been resolved.

05-02 Pay Rates

We noted that there was no documentation verifying the pay rate of two part-time employees selected for testing. The failure to maintain approved pay rates in employee files may result in incorrect or unauthorized paychecks being issued. We recommended that employee files contain approved rates of pay as well as any increases so that, at any point in time, an employee's current salary can be verified. This finding has been resolved.